



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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JUL 9 1973

*Resubmitted -
See attached*

The Honorable Paul Findley
House of Representatives

Dear Mr. Findley:

This letter is in response to your requests of November 30, 1972, and January 2, 1973, relating to the funding and operations of Cotton Incorporated (Inc.), a private, nonprofit corporation which carries out a program for market development, research, and sales promotion of cotton and cotton products under agreements with the Commodity Credit Corporation, Department of Agriculture, and the Cotton Board, a cotton producer organization whose members are appointed by the Secretary of Agriculture.

This letter responds to your questions regarding (1) the Department of Agriculture's oversight and evaluation of Cotton Inc.'s research and promotion program, (2) the expenditure of Federal and quasi-public (producer) funds for Cotton Inc. operations, and (3) the expenditure of quasi-public funds for relocating Cotton Inc. facilities in New York City and Raleigh.

Information on the salaries of Cotton Inc. personnel, which Cotton Inc. considers to be confidential, is being forwarded separately.

We reviewed pertinent legislation and records and interviewed various officials at the Department of Agriculture, Washington, D.C.; Cotton Inc., New York City and Raleigh; and the Cotton Board, Memphis. As agreed with your office, we did not evaluate the effectiveness of Cotton Inc.'s research and promotion activities.

BACKGROUND

The Cotton Producers Institute, the forerunner of Cotton Inc., was organized in 1960 as an affiliate of the National Cotton Council, an organization representing persons engaged in cotton business activities, including cotton production. The Institute carried out a cotton research and promotion program using voluntary contributions from producers.

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The Cotton Research and Promotion Act (7 U.S.C. 2101), enacted in July 1966, directed the Secretary of Agriculture to issue and amend orders for developing, financing, and carrying out an effective and continuous coordinated program of research and promotion designed to strengthen the competitive position of U.S. cotton and to maintain and expand its domestic and foreign markets and its various uses. The orders were to apply to all persons handling cotton (harvesting, marketing, ginning, etc.).

The act provided for the mandatory collection of \$1 per bale from producers to carry out cotton research and promotion activities. It provided also for establishing and operating a Cotton Board to be composed of cotton-producer representatives appointed by the Secretary. The 20-member Board, established in December 1966, administers the Secretary's cotton research and promotion order, including the assessment and collection of producer funds.

The act authorized the Cotton Board, with the Secretary's approval, to enter into contracts or agreements for developing and carrying out activities authorized under the Secretary's order with an organization or association whose governing body consisted of cotton producers selected by cotton-producer organizations certified by the Secretary.

The Institute reorganized in May 1967 and established itself as a private, nonprofit corporation which qualified as the contracting organization under the act. With the Secretary's approval, the Cotton Board entered into a contract in July 1967 with the Institute to carry out approved research and promotion projects using producer funds.

Section 610 of the Agricultural Act of 1970 (7 U.S.C. 2119) directed the Commodity Credit Corporation, through the Cotton Board, to enter into agreements with the contracting organization to carry out market development, research, and sales promotion programs in domestic and foreign markets. It also authorized \$10 million of Commodity Credit Corporation funds to be provided annually for such agreements in fiscal years 1972 through 1974.

In December 1970 the Institute changed its name to Cotton Inc. to lend itself to merchandising activities and to reflect the image of a modern business marketing corporation rather than that of an association. In August 1971, pursuant to the 1970 act, the Commodity Credit Corporation, the Cotton Board, and Cotton Inc. entered into an agreement for implementing approved research and promotion projects with Federal funds.

Program funding

Cotton Inc. has three types of funds: (1) producer funds assessed and collected under the 1966 act, (2) Federal funds made available under section 610 of the 1970 act, and (3) its own funds, which include voluntary producer contributions received before implementation of the 1966 act, interest income, and patents income. The Cotton Board makes the funds assessed producers and Federal funds available to Cotton Inc. on the basis of budgets approved by the Board and the Secretary. Cotton Inc.'s own funds are not subject to Department or Cotton Board control.

From the 1967-68 crop year, when the assessment of producer funds began, through the 1971-72 crop year ended July 1972, the Cotton Board's net collections from producers totaled \$44.9 million. Net collections for crop year 1972-73, which ends in July 1973, are estimated at \$11.5 million.

From January 1968 through June 30, 1973, the Cotton Board and the Secretary approved Cotton Inc. budgets for using producer funds totaling about \$52.2 million, including \$10 million for fiscal year 1973. Through April 30, 1973, Cotton Inc. had expended about \$38.7 million, including \$4.3 million of the \$10 million budgeted for fiscal year 1973. The Cotton Board retains the unexpended producer funds which it invests in interest-bearing savings accounts or certificates of deposit. The Department estimated in March 1973 that, as of June 30, 1973, the Cotton Board's reserve of unexpended producer funds could total as much as \$15 million.

Under section 610 of the 1970 act the Department and the Cotton Board approved Cotton Inc.'s use of \$20 million in Federal funds during fiscal years 1972 and 1973. Cotton Inc.'s agreement with the Cotton Board and the Department stipulates that Cotton Inc. must obligate the Federal funds during the fiscal year for which they are provided and must expend them within 18 months from the beginning of such year. Any Federal funds not obligated and expended during these prescribed periods revert to the Commodity Credit Corporation. Such requirements do not apply to producer funds.

Cotton Inc. had expended the full \$10 million in Federal funds approved for fiscal year 1972 and, as of April 30, 1973, it had expended \$3.9 million of the \$10 million approved for fiscal year 1973--an unexpended balance at that time of \$6.1 million.

On July 2, 1973, the Department announced approval of Cotton Inc.'s total fiscal year 1974 budget--Federal and producer funds--of \$24 million but stipulated that none of the \$10 million in Federal funds to be made available for fiscal year 1974 could be expended until the Congress enacted the Agriculture-Environmental and Consumer Protection Appropriation Act, 1974 (H.R. 8619).

As of June 30, 1972, Cotton Inc.'s own funds--contributions received before implementation of the 1966 act and interest and patent income--totaled about \$1.2 million.

DEPARTMENT'S OVERSIGHT OF COTTON INC.'S PROGRAM

The Department's primary oversight responsibilities under the 1966 act are to insure that producer funds are properly safeguarded and that proposed projects and budgets to be funded with producer funds meet the intent of the 1966 act. Under section 610 of the 1970 act, the Department's responsibilities are to (1) transfer, after its approval of Cotton Inc.'s budget, funds which the Cotton Board requests to meet Cotton Inc.'s monthly cash requirements for approved projects and administrative expenses and (2) insure that proposed research and promotion projects to be funded with Federal funds meet the intent of the 1970 act. (See enc. I for examples of Cotton Inc. projects.)

Cotton Inc. is required to develop and submit annually to the Cotton Board for review and recommendation to the Secretary a program of proposed plans or projects and supporting budgets of both Federal and producer funds for market development, research, and sales promotion of cotton. Such projects, which can be implemented upon approval by the Secretary, may be carried out in both the United States and foreign countries.

Before being submitted to the Cotton Board and the Department, Cotton Inc.'s research and promotion program and budgets are approved by its 40-member Board of Directors at an annual meeting. Cotton Inc. officials told us that at this meeting the prior year's program is reviewed and the new year's program is thoroughly discussed and considered.

In submitting its proposed program to the Cotton Board, Cotton Inc. presents a written narrative summary of projects' objectives, the plan of operation for achieving these objectives, a description of each proposed activity, and an explanation of related administrative and overhead expenditures. The Cotton Board reviews the

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proposed program and supporting budgets and makes its recommendation to the Secretary.

Two committees established by the Secretary--the national cotton research coordinating committee and the promotion review committee--examine the research and promotion proposals and the Board's recommendation.

The 12-member research committee includes 6 representatives from the Department, 5 from State agricultural experiment stations, and 1 from Cotton Inc. The committee generally meets several times a year to coordinate these organizations' research activities. A committee member advised us that the committee was interested in overall project areas and any unnecessary duplication of research effort. On the basis of its review of Cotton Inc.'s research proposal, the committee recommends its approval or disapproval to the Secretary.

The promotion review committee includes five members and a chairman, all from the Department, who are appointed because of their knowledge of promotion and marketing. The committee generally meets once or twice a year. Each member receives Cotton Inc.'s promotion proposal generally 2 weeks before a committee meeting. Cotton Inc. is given the opportunity to orally present its promotion proposal at each meeting, and committee members have the opportunity to ask questions. On the basis of its review of the proposal, the committee recommends to the Secretary that he approve or disapprove the promotion program.

Once the Secretary approves the proposed projects and budgets, Cotton Inc. is authorized to enter into agreements or contracts with research organizations, advertising and promotional agencies, and the media.

Cotton Inc. may transfer funds, without the Secretary's approval, from one approved project to another, provided that such a transfer does not exceed 20 percent of the approved budgeted amount for the project into which funds are being transferred. For transfers exceeding 20 percent or for initiating a new project not previously approved, Cotton Inc. is required to submit a written request and its justification to the Cotton Board and the Secretary for approval.

Cotton Inc. is required also to submit to the Board and the Secretary an annual report on its previous year's activities and an annual report of its financial operations prepared by a certified public accounting firm. In this connection we noted that the firm's latest available reports gave Cotton Inc. an unqualified opinion on its financial statements for calendar year 1971 and for the first 6 months of 1972.

Cotton Inc. also furnishes the Board and the Secretary monthly operating expense statements and balance sheets for both Federal and producer funds and other requested information.

As part of its oversight responsibilities, the Department has had its Office of the Inspector General (OIG) make two audits of Cotton Inc. activities. In March 1972 the OIG issued a report on its audit of Cotton Inc.'s overall management activities and, in November 1972, it issued a report on its verification of Cotton Inc.'s unpaid obligations at June 30, 1972.

Both OIG reports contained recommendations to the Cotton Division of the Department's Agricultural Marketing Service, which has direct oversight responsibility of Cotton Inc.'s activities. The March 1972 report included recommendation; for strengthening the contract between the Cotton Board and Cotton Inc.--for example, providing the Secretary and the Cotton Board audit access to subcontractors' records--and improving Cotton Inc.'s accounting for property acquired with producer funds. The November 1972 report included a recommendation for better control over obligations. At the time of our review, the Cotton Division had not completed action on all of the OIG's recommendations.

Program evaluation

The Department had not evaluated, or established a system for evaluating, the effectiveness of Cotton Inc.'s research and promotion program. In a March 19, 1973, statement made before the Subcommittee on Agriculture-Environmental and Consumer Protection Appropriations, House Committee on Appropriations, the Under Secretary of Agriculture said:

"It is [the Department's] position that a comprehensive evaluation of the effectiveness of [Cotton Inc.'s] past expenditures and future spending proposals is in order. [Cotton Inc.] needs a continuing program of self-evaluation, a more careful evaluation by the [Cotton Inc.]

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Board of Directors each year and an impartial periodic evaluation by an independent outside source. The latter evaluation has been recommended to [Cotton Inc.] but has not been initiated by them."

Recommendation to the Secretary of Agriculture

Because of the magnitude of Federal and producer funds being expended for this program, we recommend that the Department take action to have evaluations made of the effectiveness of Cotton Inc.'s program.

Agency comments

Department officials advised us on July 2, 1973, that they would take the recommended action.

OPERATIONS EXPENDITURES

In your November 30, 1972, letter you expressed concern over the manner in which Cotton Inc. used public money and asked whether Cotton Inc.'s use of program funds for the various categories in the budget--administrative costs and other overhead, including executive salaries, research, and promotion--was appropriate. We have included as enclosure II a schedule summarizing Cotton Inc.'s budget for fiscal year 1973, its expenditures of Federal and producer funds for the first 10 months of fiscal year 1973, and the unexpended budget amounts at April 30, 1973.¹ Also, enclosure III shows, in more detail, Cotton Inc.'s budget for fiscal year 1973 administrative and overhead expenses.

Our analysis of Cotton Inc.'s fiscal year 1973 budget indicated that budgeted administrative and overhead, research, and promotion expenses--about \$3.8, \$6.6, and \$9.6 million, respectively--made up about 19, 33, and 48 percent, respectively, of the total budget. As shown in enclosure II, Cotton Inc. had expended about \$2.5, \$2.9, and \$2.9 million, respectively, for these budget categories as of April 30, 1973.

Neither the pertinent legislation, its legislative history, nor the Department had established any percentages of total budgets

¹Similar information was not readily available for fiscal year 1972 because, until July 1, 1972, Cotton Inc. budgeted and accounted for producer funds on a calendar year basis rather than on a fiscal year basis.

allowable for these expenses. Also we were unable to find any definitive criteria to determine whether the above percentages were appropriate.

Cotton Inc.'s executive salaries represented about 7.7 percent of its total fiscal year 1973 budget of \$20 million. An official of the Civil Service Commission's Pay and Policy Division told us that no Federal guidelines or similar standards existed to measure whether the salaries paid by Cotton Inc. were reasonable. We also contacted various employment agencies, a management consulting firm, and a major textile mill to obtain their views or data with which to compare Cotton Inc.'s salaries. In general, all agreed that no standards had been established for executive-level compensation.

We believe that evaluating the reasonableness of Cotton Inc.'s various budget categories is made more difficult by the lack of information on program effectiveness. As noted previously, the Department advised us that it would take action to have evaluations made of the program's effectiveness.

EXPENDITURES FOR RELOCATION
OF FACILITIES

You asked whether the Cotton Board was within its authority in using producer funds for Cotton Inc.'s move to new quarters within New York City and Raleigh and whether expenditures for relocation complied with the intent of Congress in authorizing the \$1-a-bale checkoff. Although neither the 1965 act nor its legislative history specified whether producer funds may be used for relocating facilities, the language of the legislation is broad enough to authorize such use. The Cotton Board, therefore, was within its authority to use these funds for this expenditure because the Secretary approved specific amounts to pay for relocation costs.

In a March 15, 1972, letter, Cotton Inc. advised the Secretary and the Cotton Board that Cotton Inc.'s executive committee authorized it to request about \$1.3 million from the Board for relocating into new facilities in New York City and Raleigh. Cotton Inc. said that it considered its new marketing and headquarters office in New York necessary to bring its sales and marketing personnel closer to the executive offices of major textile companies. The move to Raleigh was to be made to provide for increased in-house research activities, including a planned product development laboratory.

The Cotton Board and the Department approved only up to \$800,000 in producer funds to be used for the relocation. To pay costs exceeding the approved \$800,000, Cotton Inc. is using the voluntary producer contributions received before the 1966 act.

Cotton Inc.'s planned costs by major category and location follow:

	<u>Location</u>		<u>Total</u>
	<u>New York</u>	<u>Raleigh</u>	
Leasehold improvements	\$414,000	\$206,000	\$ 620,000
Furniture and fixtures	275,000	115,000	390,000
Landscaping	-	15,000	15,000
Telephone system	80,000	60,000	140,000
Contingencies (note a)	<u>82,000</u>	<u>32,000</u>	<u>114,000</u>
Total	<u>\$851,000</u>	<u>\$428,000</u>	<u>\$1,279,000</u>

^aAccording to Cotton Inc., these amounts are to cover underestimates on any of the other categories, to be used as a margin to cover conservative estimates made in certain areas, and to avoid the need to seek additional budget approval.

Because of the manner in which Cotton Inc. maintained its records, it was not practical for us to determine the amount spent in each of these major cost categories by source of funds. The records showed, however, that, as of April 30, 1973, Cotton Inc. had spent a total of \$1,029,742 for relocation and had unpaid obligations of \$249,258 from the following fund sources.

	<u>Expended</u>	<u>Unpaid obligations</u>	<u>Total</u>
Voluntary producer contributions received before the 1966 act	\$ 300,863	\$178,137	\$ 479,000
Producer funds	<u>728,879</u>	<u>71,121</u>	<u>800,000</u>
Total	<u>\$1,029,742</u>	<u>\$249,258</u>	<u>\$1,279,000</u>

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As shown above, relocation expenditures and unpaid obligations of producer funds, as of April 30, 1973, had not exceeded the \$800,000 authorized by the Department.

As agreed, we discussed the contents of this report with Department, Cotton Board, and Cotton Inc. officials and have considered their comments. It was not feasible to obtain formal written comments because of the need to provide this information to you without delay.

Also as agreed, we will subsequently release copies of this report to the Director, Office of Management and Budget; the Senate and House Committees on Government Operations and Appropriations; the Senate Committee on Agriculture and Forestry; the House Committee on Agriculture; and the Secretary of Agriculture.

Sincerely yours,

Paul G. Dembling

Asst. Comptroller General
of the United States

Enclosures - 3

EXAMPLES OF ACTIVITIES UNDERTAKEN BY COTTON INC.
IN RESEARCH AND PROMOTION

<u>Project area</u>	<u>Objectives</u>	<u>Cost</u>	<u>Fund source</u>
<u>Promotion:</u>			
Cooperative advertising	To increase cotton consumption by a mill in a particular markets.	\$25,000	Federal
Cooperative advertising	To gain national exposure for Cotton Inc. in retail stores and to promote cotton fabrics in retail stores.	18,530	Federal
<u>Research:</u>			
Flammability evaluations	To obtain information and develop data which will support cotton industry efforts to market fire-resistant cotton textile products.	20,000	Federal
Combustion products	To determine the toxicity of burning fabrics composed of cotton and of competitive fibers to determine the nature of the toxic components.	60,000	Federal
Short-staple spinning	To examine new short-staple spinning systems which offer cost or other advantages for cotton.	31,000	Producer

ENCLOSURE II

COTTON INC. COMPARISON OF EXPENDITURES FOR THE
PERIOD JULY 1, 1972, TO APRIL 30, 1973, WITH
THE APPROVED BUDGET FOR THE FISCAL YEAR ENDED
JUNE 30, 1973

Category	Section 610 funds			Producer funds		
	Approved budget	Expended	Unexpended balance	Approved budget	Expended	Unexpended balance
Sales and Marketing Program:						
Co-op. programs	\$1,610,000	\$ 406,844	\$1,203,156	\$ 325,000	\$ 50,032	\$ 274,968
Chain stores	832,000	70,000	762,000	149,000	-	149,000
Motivation	138,000	25,069	112,931	1,000	503	497
Product development	207,000	247,969	(40,969)	307,000	75,334	231,666
Fashion marketing	50,000	8,391	41,609	50,000	21,842	28,158
Home sewing	29,000	28,825	175	125,000	35,854	89,146
Men's and boys' career apparel special projects	10,000	9,459	541	150,000	6,167	143,833
Market research	70,000	38,200	31,800	73,000	39,873	33,127
Trade advertising	1,200,000	1,044,082	155,918	497,000	71,400	425,600
Corporate product advertising	1,228,000	19,816	1,208,184	485,000	-	485,000
Trade shows and associations	35,000	41,272	(6,272)	155,000	161,701	(6,701)
Special home furnishings advertising	50,000	31,861	18,139	25,000	(295)	25,295
Publicity	-	-	-	155,000	102,051	52,949
Merchandise services	-	-	-	16,000	2,423	13,577
Cotton wives (support of local promotion efforts)	-	-	-	100,000	76,559	23,441
Technical information services	-	-	-	129,000	64,371	64,629
Memberships and presentations	-	-	-	10,000	4,429	5,571
Batting and canvas programs	-	-	-	21,000	21,409	(409)
Industrial plant trial	-	-	-	200,000	45,475	154,525
Linen supply program	-	-	-	25,000	2,127	22,873
Mill processing line	-	-	-	775,000	-	775,000
Supply and demand	-	-	-	132,000	60,989	71,011
Exports	-	-	-	140,000	47,306	92,694
Special projects	-	-	-	25,000	-	25,000
	<u>5,459,000</u>	<u>1,971,788</u>	<u>3,487,212</u>	<u>4,070,000</u>	<u>889,550</u>	<u>3,180,450</u>

ENCLOSURE II

Category	Section 610 funds			Producer funds		
	Approved budget	Expended	Unexpended balance	Approved budget	Expended	Unexpended balance
Research and Technical Services Program:						
Yield and quality	\$ 426,000	\$ 120,865	\$ 305,135	\$ 361,000	\$ 181,073	\$ 179,927
Insects	253,000	60,182	192,818	855,000	395,100	459,900
Diseases	114,000	26,249	87,751	110,000	74,552	35,448
Weeds	130,000	27,065	102,935	79,000	34,659	44,341
Planting-seed processing	100,000	29,915	70,085	-	-	-
Seed cotton handling	202,000	68,111	133,889	68,000	55,506	12,494
Ginning and packing	170,000	117,944	52,056	312,500	254,652	57,848
Storage and transportation	10,000	-	10,000	-	-	-
Quality evaluation and marketing	185,000	63,630	121,370	110,000	12,500	97,500
Equipment and technology	75,000	22,817	52,183	77,500	15,122	62,378
Durable press	115,000	80,505	34,495	705,000	335,366	369,634
Fire retardance	256,500	105,005	151,405	509,500	339,042	170,458
Knitting and knit products	250,500	103,811	146,689	135,000	83,472	51,528
Nonwovens	60,000	3,839	56,161	140,000	16,912	123,088
Home furnishings and industrial	50,000	-	50,000	-	-	-
Cottonseed	102,000	22,286	79,714	163,500	42,629	120,871
New fabric and finishes development	110,000	45,273	64,727	12,000	4,591	7,409
Special projects	-	-	-	310,000	80,835	229,165
Patents and licensing	-	-	-	50,000	42,127	7,873
	<u>2,609,000</u>	<u>897,587</u>	<u>1,711,413</u>	<u>3,998,000</u>	<u>1,968,138</u>	<u>2,029,862</u>
Administrative and overhead expenses (note a)	<u>1,932,000</u>	<u>1,031,891</u>	<u>900,109</u>	<u>1,932,000</u>	<u>1,442,984</u>	<u>489,016</u>
Total	<u>\$10,000,000</u>	<u>\$3,901,266</u>	<u>\$6,098,734</u>	<u>\$10,000,000</u>	<u>\$4,300,672</u>	<u>\$5,699,328</u>
Relocation				\$ 800,000	\$ 728,879	\$ 71,121

^a See enclosure III for further details on the total budget--\$3,864,000 (\$1,932,000 from each of the two funds)--to be financed with section 610 and producer funds.

COTTON INC. PROPOSED FISCAL YEAR 1973
ADMINISTRATIVE AND OVERHEAD EXPENSES

<u>Expense item</u>	<u>Executive office administration</u>	<u>Sales and marketing</u>	<u>Research and technical services</u>	<u>Total</u>
Salaries:				
Executive	\$165,000	\$ 916,000	\$ 450,000	\$1,531,000
Secretarial and clerical	<u>45,000</u>	<u>210,000</u>	<u>105,000</u>	<u>370,000</u>
Total	<u>210,000</u>	<u>1,126,000</u>	<u>555,000</u>	<u>1,891,000</u>
Fringe benefits (note a):				
Retirement	50,494	258,425	131,627	440,546
Hospitalization and major medical	4,388	29,765	14,787	48,940
Group life and accidental death	4,249	18,580	7,240	30,069
Unemployment	955	8,070	3,918	12,943
F.I.C.A. taxes	5,106	40,752	18,182	64,040
Long-term disability	733	6,062	2,564	9,359
Travel accident	618	2,660	999	4,277
Workman's compensation	<u>457</u>	<u>3,686</u>	<u>683</u>	<u>4,826</u>
Total	<u>67,000</u>	<u>368,000</u>	<u>180,000</u>	<u>615,000</u>
Travel	<u>50,000</u>	<u>300,000</u>	<u>150,000</u>	<u>500,000</u>
Directors' meeting	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Housekeeping:				
Rent-new offices (on a 12-month basis)	20,000	180,000	63,000	263,000
Rent-old offices (note b)	5,000	43,000	34,000	82,000
Telephone and telegraph	10,000	65,000	30,000	105,000
Office supplies and miscellaneous	20,000	95,000	30,000	145,000
Postage and express	3,000	15,000	2,000	20,000
Furniture, equipment, and maintenance	1,000	4,000	5,000	10,000
Building maintenance	<u>1,000</u>	<u>5,000</u>	<u>5,000</u>	<u>11,000</u>
Total	<u>60,000</u>	<u>407,000</u>	<u>169,000</u>	<u>636,000</u>
Miscellaneous:				
Accounting services	100,000	-	-	100,000
Auditing fees	15,000	-	-	15,000
Fabrics	-	2,000	-	2,000
Other	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total	<u>115,000</u>	<u>7,000</u>	<u>-</u>	<u>122,000</u>
Total administrative and overhead expenses	<u>\$602,000</u>	<u>\$2,208,000</u>	<u>\$1,054,000</u>	<u>\$3,864,000</u>

^aThe total budget for fringe benefits of \$615,000 for fiscal year 1973 represents about 32.5 percent of total budgeted salaries of \$1,891,000. According to the Bureau of Labor Statistics' December 31, 1971, publication, "Pay Supplements in Private Industry and Federal Government Compared," fringe benefits paid by private industry in calendar year 1970 and by the Federal Government in fiscal year 1971 represented 26.6 and 27.8 percent, respectively, of basic wages and salaries. Cotton Inc.'s budgeted amount for retirement represented about 23.3 percent of total salaries, whereas for private industry and the Federal Government it was 9.1 and 10 percent, respectively.

^bCotton Inc. had \$48,000 due on New York space until lease expired on April 30, 1973. Lease on Raleigh space expires on November 30, 1973.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20543

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The Honorable Paul Findley
House of Representatives

Dear Mr. Findley:

We are enclosing a list of annual salaries of Cotton Incorporated personnel, as requested in your letter of November 30, 1972.

Cotton Incorporated considers this information confidential and its disclosure may violate 18 U.S.C. 1905.

Sincerely yours,

WILLIAM G. DEMBLING

Acting Comptroller General
of the United States

Enclosure

ANNUAL SALARIES
OF COTTON INC. PERSONNEL
AS OF FEBRUARY 11, 1973

New York office:

Executive administration:

President	\$100,000
Assistant to the President	27,250
Controller and Assistant Treasurer	24,500
Bookkeeper	9,800
Bookkeeping Clerk	9,500
Bookkeeping Clerk	8,320
Secretary	9,300
Secretary	8,700
Secretary	7,800

Women's and children's wear:

Marketing Director	\$ 44,000
Marketing Manager	30,000
Marketing Manager	28,200
Marketing Manager	22,000
Marketing Representative	16,500
Marketing Representative	13,200
Secretary	10,500
Secretary	7,800

Career apparel:

Marketing Manager	\$ 24,500
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Men's and boys' wear:

Marketing Director	\$ 39,500
Marketing Manager	25,000
Marketing Manager	22,000
Secretary	8,800

Home Furnishings and industrial products:

Marketing Director	\$ 39,500
Marketing Manager	26,000
Marketing Manager	25,000
Senior Representative	19,500
Marketing Representative	13,000
Secretary	10,500
Secretary	9,000

Product development:

Director	\$ 32,000
Associate Director	23,000
Fabric Designer	16,500
Fabric Stylist	14,500
Secretary	9,750
Clerk/typist	5,200

Advertising:

Director	\$ 32,000
Sales Promotion Art Supervisor	17,500
Assistant Manager	16,500
Local Promotion Coordinator	13,000
Cooperative Advertising Administrator	9,340
Secretary	9,900

Communication:

Communication Director	\$ 42,000
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Public relations:

Director	\$ 26,000
Manager, Research Information Service	15,000
Publicity Associate	12,500
Secretary	9,900
Secretary Assistant	8,900

Fashion marketing:

Director	\$ 29,000
Assistant to the Director	15,000

Market research:

Director	\$ 29,850
Telephone Operator and Receptionist	9,000
Secretary	7,280
Mail room clerk	5,200

Regional offices:

Manager	\$ 34,000
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Supply and demand:

Director	\$ 36,000
Secretary	5,820

Research implementation:

Manager	\$ 18,700
Secretary	6,700

Cotton works--New York:

Manager	\$ 15,000
Assistant Manager	9,060
Secretary	7,280

Cotton works--Dallas:

Manager	\$ 13,000
Assistant Manager	7,030

Cotton works--Los Angeles:

Manager	\$ 15,500
Assistant Manager	7,190

Raleigh office:

Director	\$ 40,000
Administrative Assistant	18,000
Secretary	7,100
Secretary	6,700
Clerk/typist	5,400
Manager Research Laboratory	\$ 17,500
Technician	10,100
Technician	7,280
Technician	6,760
Technician	6,240
Technician	4,160
Manager, Technical Services	\$ 25,500
Coordinator, Agriculture Research, and Manager, Physiology/Biochemistry Research	27,000
Manager, Entomology Research	22,150
Manager, Genetics/Pathology Research	20,250
Supervisor, Biochemistry Lab	12,000
Biochemical Technician	9,400
Secretary	6,100
Manager, Mechanization Research	\$ 21,000
Engineer, Mechanization Research	12,500
Secretary	5,400
Manager, Textile Engineering Research	\$ 24,250
Manager, Textile Product Research	19,000
Manager, Textile Flammability Research	25,300
Assistant Manager, Textile Flammability Research	16,600
Manager, Durable Press Research	22,300
Assistant Manager, Durable Press Research	19,200
Manager, Product Development Lab	24,800
Weft Knitting Technologist	19,000
Knitting Technician	16,600
Knitting Technologist	14,000
Knit Fabric Designer	13,500
Secretary	6,500
Secretary	6,000
Knit Helper	5,200
Manager, Process Application Research	\$ 21,700
Secretary	7,600
Telephone Operator and Receptionist	\$ 6,000